NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5



PAID UP OIL AND GAS LEASE

(No Surface Use)

_____, 2008, by and between

944 day of JULC

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whose addresss is 1 2 2 100 Ross Avenue, Suite 1870 Dallas Texas 75201, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee. 1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following			
described land, hereinafter called leased premises:			
15/ ACRES, OF LAND, MORE OR LESS, BEING LOT(S)	20	, BLOCK _ 54	
OUTOFTHE Highland Park	ADDITION, AN ADI	DITION TO THE CITY OF	
FOR + VYCC11\ TARRANT COUNTY, T	ADDITION, AN ADITECT AND ADDITION, AN ADITECT AND ADITECT ADITECT AND ADITECT ADITECT AND ADITECT ADITECT ADITECT AND ADITECT	TAIN PLAT RECORDED	
IN VOLUME 310 PAGE 60 OF THE	HE PLAT RECORDS OF TARRANT (COUNTY, TEXAS.	
in the County of Tarrant, State of TEXAS, containing	The term "gas" as used herein includes he depremises, this lease also covers accretions a withed leased premises, and, in consideration of a more complete or accurate description of the it.	drocarbon and non hydrocarbon allum, carbon dioxide and other and any small strips or parcels of the aforementioned cash bonus, and so covered. For the purpose	
This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a prir as long thereafter as oil or gas or other substances covered hereby are produced in paying q	nary term of FC+C ()ye uantities from the leased premises or from lands	ears from the date hereof, and for s pooled therewith or this lease is	
otherwise maintained in effect pursuant to the provisions hereof. 3. Royallies on oil, gas and other substances produced and saved hereunder shall be separated at Lessee's separator facilities, the royalty shall be lead to be produced and saved hereunder shall be separated at Lessee's separator facilities, the royalty shall be lead to be production facilities, produced the wellhead market price then prevailing in the same field (or if there is no such price the prevailing price) for production of similar grade and gravity; (b) for gas (including casing the same production, severance, or other excise taxes and the costs incurred by Lessee in delivering, Lessee shall have the continuing right to purchase such production at the prevailing wellhead no such price then prevailing in the same field, then in the nearest field in which there is such the same or nearest preceding date as the date on which Lessee commences its purchases more wells on the leased premises or lands pooted therewith are capable of either producing are waiting on hydrautic fracture stimulation, but such well or wells are either shut-in or produced be deerned to be producing in paying quantities for the purpose of maintaining this lease. If there from is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar Lessor's credit in the depository designated below, on or before the end of said 90-day peric while the well or wells are shut-in or production there from is not being sold by Lessee; provide is being sold by Lessee from another well or wells on the leased premises or lands pooled following cessalion of such operations or production. Lessee's failure to properly pay shut-terminate this lease.	w) of such production, to bivided that Lessee shall have the continuing right in prevailing in the same field, then in the neareng head gas) and all other substances coveree from the sale thereof, less a proportionate processing or otherwise marketing such gas of dimarket price paid for production of similar quality that the production of similar quality approach pursuant to comparable purpose the primary to oil or gas or other substances covered hereby it oil or gas or other substances covered hereby it clon there from is not being sold by Lessee, such for a period of 90 consecutive days such well of per acre their covered by this lease, such pay od and thereafter on or before each anniversary ded that if this lease is otherwise being maintain therewith, no shut-in royalty shall be due until this royalty shall render Lessee liable for the amount of the same statement of the same shall be described in the same shall	e delivered at Lessee's oplion to to purchase such production at est field in which there is such a red hereby, the royalty shall be a part of ad valorem taxes and rother substances, provided that lity in the same field (or if there is urchase contracts entered into one erm or any time thereafter one or in paying quantities or such wells the well or wells shall nevertheless or wells are shut-in or production ment to be made to Lessor or to of the end of said 90-day period ed by operations, or if production he end of the 90-day period next bount due, but shall not operate to	
4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or be Lessor's depository agent for receiving payments regardless of changes in the ownership draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails address known to Lessee shall constitute proper payment. If the depository should liquidate payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable 5. Except as provided for in Paragraph 3, above, if Lessee drills a well which is incapa premises or lands pooled therewith, or if all production (whether or not in paying quantitie pursuant to the provisions of Paragraph 6 or the action of any governmental authority, it nevertheless remain in force if Lessee commences operations for reworking an existing well on the leased premises or lands pooled therewith within 90 days after completion of operation the end of the primary term, or at any time thereafter, this lease is not otherwise being ma operations reasonably calculated to obtain or restore production therefrom, this lease shall rendered to complete the production of more than 90 consecutive days, and if any such operations result in the prother is production in paying quantities from the leased premises or lands pooled therewith. Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a to (a) develop the leased premises as to formations then capable of producing in paying quantities from uncompensated drainage by any well or wells located on other lands radditional wells except as expressly provided herein.	of said land. All payments or tenders may be may in a stamped envelope addressed to the depo or be succeeded by another institution, or for all instrument naming another institution as depositively a permanently ceases from any cause, including the in the event this lease is not otherwise be or for drilling an additional well or for otherwise has on such dry hote or within 90 days after such aintained in force but Lessee is then engaged literation in force so long as any one or more of such addition of oil or gas or other substances cover after completion of a well capable of producing a reasonably prudent operator would drill under the quantities on the leased premises or lands poole to the substances.	ade in currency, or by check or by obsitory or to the Lessor at the last my reason fail or refuse to accept cory agent to receive payments. It called "dry hole") on the leased ing a revision of unit boundaries leing maintained in force it shall obtaining or restoring production. If at n drilling, reworking or any other choperations are prosecuted with red hereby, as long thereafter as g in paying quantities hereunder, he same or similar circumstances and therewith, or (b) to protect the	
6. Lessee shall have the right but not the obligation to pool all or any part of the leas depths or zones, and as to any or all substances covered by this lease, either before or at proper to do so in order to prudently develop or operate the leased premises, whether or not unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 640 acres plus a maximum acreage toterance of 10%; completion to conform to any well spacing or density pattern that may be prescribed or perm of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by a prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet prescribed, and the term "horizontal completion" means an oil well in which the horizontal equipment; and the term "horizontal completion" means an oil well in which the horizontal component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a Production, drilling or reworking operations anywhere on a unit which includes all or any preworking operations on the leased premises, except that the production on which Lessor's net acreage covered by this tease and included in the unit bears to the total gross acreage Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereund unit formed hereunder by expansion or contraction or both, either before or after commence making such a revision, Lessee shall file of record a written declaration describing the revise leased premises is included in or excluded from the unit by virtue of such revision, the propo	fiter the commencement of production, whenever similar pooling authority exists with respect to silved 80 acres plus a maximum acreage tolerance; provided that a larger unit may be formed for a litted by any governmental authority having jurisd applicable law or the appropriate governmental authority having jurisd applicable law or the appropriate governmental including conditions using standard lease separated component of the gross completion interval in the written declaration describing the unit and state part of the leased premises shall be treated as royally is calculated shall be that proportion of the in the unit, but only to the extent such proportion; and Lessee shall have the recurring right but the productive acreage determination made by any production the effective date of revision.	er Lessee deems it necessary or uch other lands or interests. The e of 10%, and for a gas well or a n oil well or gas well or horizontal diction to do so. For the purpose authority, or, if no definition is so altial gas-oil ratio of 100,000 cubic or facilities or equivalent testing in facilities or equivalent testing he reservoir exceeds the vertical ting the effective date of pooling. If it were production, drilling or he total unit production which the tion of unit production is sold by at not the obligation to revise any e well spacing or density pattern such governmental authority. In	

leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royaltles payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises

8. The Interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered The Interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the

in accordance with the net acreage interest retained hereunder.

If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shuf-in royalities shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall paply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and grow

control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be accept to the term nereor.

Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of lifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describlen the breach or default, and then poly if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and

written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable lime after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore sement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend tille conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-n royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations

e executed in counterparts, each of which is deemed an original and all of which only constitute one original.

17. This lease may be executed in counterparts, each of which is deemed an original and all of which project that lease have been and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been applied to the effective as of the date first written above.	e, but upon execution shall be binding on the signatory and the sign een executed by all parties hereinabove named as Lessor.
By: HH, NC Brocks By:	
STATE OF TOTAL COUNTY OF TOTAL This isstroment was acknowledged before me on the day of by: DARLENE CARTER Notary Public, State of Texas My Commission Expires March 28, 2012	Notary Public, State of Notary's name (printed): Notary's commission expires: 3/28//2
STATE OF	, 2008,



DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

DALLAS

TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

<u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration: 06/13/2008 09:12 AM
Instrument #: D208226332
LSE 3 PGS \$20.00

By:

D208226332

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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